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FURLOUGH INFORMATION

PURPOSE:

This article is intended to provide Department of Defense (DOD) employees with specific information concerning the effects of an administrative furlough on employee benefits and the critical actions that must be taken in the event that there is insufficient pay to cover benefits premiums, and continued coverage is desired.

BACKGROUND:

On February 20, 2013, the Secretary of Defense notified Congress of DOD's intent to furlough DOD civilian employees (*some employees may be exempt) for up to 11 work days in anticipation of the automatic budget cuts imposed on March 1, 2013 (also known as sequestration). DOD employees impacted by the administrative furlough will experience a reduction in pay. For some employees, this reduced bi-weekly pay may affect their ability to cover the cost of benefit premiums, causing an insufficient pay status that could result in a termination of benefits. Since an administrative furlough can affect an employee's Federal Benefits in various ways, the information below is intended to inform employees on how each benefit program will be affected, the options available to employees, and the actions employees must take to ensure continued benefits coverage.

BENEFIT PROGRAMS:

Civil Service Retirement System (CSRS)/Federal Employees Retirement System (FERS)

In general, retirement annuity benefits for CSRS and FERS will not be affected during an administrative furlough. Your annuity computation is based on the amount of creditable service an employee performs and the employee's high 3 average salary. Since CSRS and FERS allow for credit of up to 6 months of nonpay status in a calendar year, the days you are furloughed will generally count toward the total amount of creditable service for both CSRS and FERS. (An exception would be if you accumulate a total of 6 months of nonpay status in the calendar year due to other reasons and your furlough time causes you to exceed 6 months in a nonpay status.)

Likewise, your high 3 average salary will not be affected by your nonpay furlough time. This is because it is computed based on your annual rate of basic pay. For instance, if your annual rate of basic pay has been \$85,000 for the last three years and you are furloughed a period of 6 months during the calendar year, your high 3 salary for retirement purposes will be based on your rate of pay of \$85,000 for the furlough months rather than your actual earnings during that period. Although there is a loss of actual pay (or earnings) during the furlough period, furlough does not result in a change in rate of basic pay and therefore does not affect your high 3 salary computation.



FURLOUGH INFORMATION CONTINUES...

Federal Employees Health Benefits (FEHB)

Your FEHB coverage will continue as long as your salary is sufficient to withhold premiums. If, as a result of the furlough, your salary becomes insufficient to withhold FEHB premiums, your Benefits Office will notify you by letter. It is important that you read this letter because it will explain your options and provide instructions on how to notify the Department of the Navy Benefits Office of your decision. You must respond to this letter within 31 days of receipt (45 if you live overseas) or your coverage will be terminated and cannot be reinstated until the next FEHB open season. It should be noted, however; that employees subject to court order or administrative court order may not have coverage terminated and will have to incur a debt.

If your pay is insufficient to cover your FEHB premiums, you may opt to pay the premiums directly to your payroll office, incur a debt, or terminate coverage. If you choose to incur a debt, you must agree to pay the resulting debt in full and make arrangements to have the debt collected from your pay once you return to a full pay status. If you terminate coverage, you may reenroll within 60 days after the end of the first pay period in which your pay becomes sufficient to cover the premium. If you don't reenroll within 60 days, you must wait for the next Open Season to enroll or until you experience another qualifying life event.

Federal Employees Group Life Insurance (FEGLI)

Your FEGLI coverage will continue as long as your salary is sufficient to withhold premiums. If, as a result of the furlough, your salary becomes insufficient to withhold FEGLI premiums, your Benefits Office will notify you by letter. It is important that you read this letter as it will explain your options and provide instructions on how to notify the Department of the Navy Benefits Office of your decision. You must respond to this letter within 31 days of receipt (45 if you live overseas) or your coverage will be terminated.

If your pay is insufficient to cover your FEGLI premiums, you may opt to pay the premiums directly to your payroll office or terminate some or all coverage. If you elect to terminate coverage, your coverage will be reinstated when pay again becomes sufficient to allow premium withholdings. If you opt to make premium payments directly to your payroll office and fail to make payments on time, coverage will be cancelled and will not be reinstated when your pay becomes sufficient.

Flexible Spending Accounts (FSAFEDS)

If an insufficient salary prevents the deduction of your FSAFEDS allotment, reimbursements for eligible health expenses will stop, but you will continue to be reimbursed for dependent care expenses up to the balance of your dependent care account as long as the expenses incurred allowed you (or your spouse, if married) to work, look for work, or attend school full-time. Once you return to sufficient pay, your allotment will restart and the remaining balance due on your account will be recalculated to coincide with the remaining pay periods to match your annual election amounts. Reimbursement of health care expenses will also resume when you return to sufficient pay.

Federal Dental and Vision Insurance Program (FEDVIP)

When FEDVIP premiums cannot be withheld due to insufficient pay, payments will accrue and, once you return to full pay status, your payroll office will collect premiums for twice the biweekly amount to make up any missed premium deductions. However, because the administrative furlough is expected to last for more than two consecutive pay periods, continued insufficient funds will prompt BENEFEDS to mail a bill directly to you for payment in order to continue coverage. Direct payments should be mailed to BENEFEDS, P.O. Box 797, Greenland, NH 03840-0797.

FURLOUGH INFORMATION CONTINUES...

Federal Long Term Care Insurance Program (FLTCIP)

Your eligible FLTCIP claims will continue to be paid. However, coverage will terminate if premiums are not paid. If no premium is received for two or fewer pay periods, future premium deductions will be adjusted, increasing by no more than \$50 per pay period to recover the missed premiums. If no premium is received for three consecutive pay periods, you will be billed directly. If premiums are not received within a 30 day grace period, FLTCIP will send you a termination letter.

Thrift Savings Plan (TSP)

For information about TSP, see fact sheets, “Effect of Nonpay Status on Your TSP Account” at <https://www.tsp.gov/PDF/formspubs/oc95-4.pdf> and “Sequestration and Your TSP Account” at <http://www.public.navy.mil/donhr/Documents/TSP%20Fact%20Sheet%20-%20Sequestration.pdf>.

KEY POINTS TO REMEMBER:

- All employees must read and respond to correspondence received from your servicing agency to avoid the termination of FEHB and or FEGLI coverage in the event of insufficient funds.
- Employees have 60 days, following the return to sufficient pay status, to reenroll in FEHB.
- If FLTCIP premiums are not paid within the 30 day grace period, your coverage will be cancelled.
- TSP loans that are delinquent more than 2 ½ payments will be reported to the IRS as a taxable distribution
- The Department of the Navy Benefits Line Customer Service Representatives are available to assist you.
- If you agree to make direct payments of certain benefits, untimely payments could result in the cancellation of benefits or other unintended consequences

QUESTIONS:

If you have any questions, please call the Benefits Line at 888-320-2917 and select menu option #4 to speak to a customer service representative (CSR). Customer service representatives are available 7:30 a.m. to 7:30 p.m. Eastern Time, Monday through Friday, (except Federal holidays). The TTY number is 866-359-5277.

You may also email your questions to navybenefits@navy.mil. Please include your full name, pay plan, grade, contact telephone number and the best time to call you but do not include Privacy Act Information such as date of birth or social security number.



SUPREME COURT DECISION ON SAME SEX MARRIAGES

As you already know, on June 26, 2013, the Supreme Court ruled that Section 3 of the Defense of Marriage Act (DOMA) is unconstitutional. As a result of this decision, the United States Office of Personnel Management (OPM) will now be able to extend benefits to Federal employees and annuitants who have legally married a spouse of the same sex.

There are numerous benefits that are affected by the Supreme Court's decision

OPM will be issuing additional information covering a broader range of issues, but at this time, OPM can offer the following guidance regarding specific employee benefits that may be of particular interest:

Health Insurance (FEHB): All legally married same-sex spouses will now be eligible family members under a Self and Family enrollment. In addition, the children of same-sex marriages will be treated just as those of opposite-sex marriages and will be eligible family members according to the same eligibility guidelines. Employees and annuitants will have 60 days from June 26, 2013 until August 26, 2013, to make immediate changes to their FEHB enrollment.

Life Insurance (FGLI): All legally married same-sex spouses and children of legal same-sex marriages are now eligible family members under the FGLI Program, which means that employees may add coverage for a same-sex spouse and any newly eligible children under Option C. Employees will have 60 days from June 26, 2013 until August 26, 2013, to make changes to their FGLI enrollment.

Dental and Vision Insurance (FEDVIP): As with FEHB, all legally married same-sex spouses will now be eligible family members under a Self and Family enrollment or a Self Plus One enrollment. Current FEDVIP enrollees may now call BENEFEDS (877-888-FEDS (3337)) directly to make the necessary enrollment changes. Employees will have 60 days from June 26, 2013 until August 26, 2013, to make changes to their FEDVIP enrollment.

Long-Term Care Insurance (FLTCIP): All legally married same-sex spouses can now apply for long-term care insurance under FLTCIP. Same-sex spouses of employees will have 60 days from June 26, 2013, to apply for FLTCIP coverage with abbreviated underwriting.

Retirement: All retirees who are in legal same-sex marriages will have two years from the date of the Supreme Court's decision (i.e., June 26, 2013) to inform OPM that they have a legal marriage that now qualifies for recognition and elect any changes to their retirement benefits based on their recognized marital status. In the coming days, OPM will be developing guidance to help retirees determine whether they wish to change their pension benefits in a way that will provide benefits for their surviving spouse.

Flexible Spending Accounts (FSA): All employees who are in legal same-sex marriages will now be able to submit claims for medical expenses for their same-sex spouse and any newly qualifying (step)children to their flexible spending program.

Additional guidance regarding these and other benefits will be coming soon.

MORE DENTAL/VISION CHOICES



Federal employees will have more options starting next year when choosing dental and vision insurance coverage.

The Office of Personnel Management on Friday announced that it will add four carriers in 2014 to its current dental and vision portfolio, for a total of 14 insurance contracts. The agency will award 10 contracts for dental plans and four vision contracts.

This is the first time since 2006 that OPM has solicited new contracts. The 2004 Federal Employees Dental and Vision Benefits Enhancement Act requires that program contracts are available for seven years. Premium rates and benefits packages are negotiated annually under the contracts.

The dental plan contracts are going to:

- Aetna
- MetLife
- United Concordia
- GEHA
- Blue Cross Blue Shield
- Delta Dental
- Triple S
- Dominion Dental
- Humana
- Emblem Health

OPM will award vision contracts to the following companies:

- Aetna
- Blue Cross Blue Shield
- VSP
- United Healthcare

“I am pleased that we were able to increase the number of carriers participating in the program, and now we will be offering more choices and flexibility for enrollees to select insurance coverage,” said OPM acting Director Elaine Kaplan. The agency will announce 2014 premium rates and benefits coverage before Open Season starts in November.

Happy 4th of July!!
Stay Safe!!

